

# Generation Lessor Corporation

Financial report  
for the year ended  
30 June 2020

# INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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## To the Chair Generation Lessor Corporation

### Opinion

I have audited the financial report of the Generation Lessor Corporation for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Generation Lessor Corporation as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Public Corporations Act 1993* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Generation Lessor Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the directors for the financial report**

The directors of the Generation Lessor Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Public Corporations Act 1993* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The directors are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the Schedule to the *Public Corporations Act 1993*, I have audited the financial report of the Generation Lessor Corporation for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Generation Lessor Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chair about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

15 September 2020

# Generation Lessor Corporation

## Financial Report

For the year ended 30 June 2020

# Generation Lessor Corporation

## Contents

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Directors' Report	2-4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cashflows	8
Notes to and forming part of the Financial Statements	9-17
Certification of the Financial Report	18
Independent Auditor's Report	19

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# Generation Lessor Corporation

## Directors' Report

The Directors present their report together with the financial statements of Generation Lessor Corporation (the Corporation) for the year ended 30 June 2020.

### Directors

The following persons held office as directors of the Corporation at any time during or since the end of the financial year:

Name and qualifications	Experience and special responsibilities
Terry Evans AM LLM, FAICD, FUNISA Chair Non-Executive Director	Mr Evans was a former Special Counsel with Minter Ellison Lawyers. Appointed Deputy Chair 1 May 2003. Appointed Chair 1 October 2003.
Timothy Paul Burfield GradDipAppFin, BA(Acc.) JP FCA Deputy Chair Non-Executive Director	Mr Burfield is the Director Risk and Commercial Advisory, South Australian Government Financing Authority. Appointed Deputy Chair 22 August 2018.
Heather Elaine Watts B.Ec PostGradDipAcctg Non-Executive Director	Ms Watts is the Director Commercial Projects, Commercial and Economics, Department of Treasury and Finance. Appointed 20 February 2020.

### Directors' meetings

	Board Meetings	
	A	B
Total meetings	2	
<b>Director:</b>		
Mr T Evans	2	1
Mr T Burfield	2	2
Ms H Watts	2	2

**A** Number of meetings held during the time the director held office during the year

**B** Number of meetings attended

# Generation Lessor Corporation

## Incorporation

The Corporation was established as a body corporate on 29 July 1999 pursuant to regulations made under the *Public Corporations Act 1993*.

The Corporation is a subsidiary of the Treasurer of South Australia.

## Principal activity

The principal activity of the Corporation is as lessor of the prescribed electricity assets consisting of the State's electricity generation plant and the land upon which the generation plant is located. The Corporation is also lessor of certain other assets that are not prescribed electricity assets including land at Torrens Island associated with electricity generation operations.

## State of affairs

During 2018-19, Flinders Power completed the dismantling of the Port Augusta power stations and remediated the underlying land.

In accordance with the terms of the Northern Generating Plant Lease and Playford B Generating Plant Lease, the Corporation is required to transfer the Northern Land and Playford Land to Flinders Power following the dismantling of the generating plant.

The Corporation transferred the Northern Land and Playford Land to Flinders Power on 20 May 2019.

## Lease of electricity generation assets and land

The Corporation has leased the State's prescribed electricity assets, infrastructure and other assets on various terms as follows:

<i>Asset</i>	<i>Lessee</i>	<i>Term</i>	<i>Expiry</i>
Land on Grand Trunkway, Torrens Island	AGL Energy Limited	21 years	6 June 2021
Torrens Island Power Station and land	AGL Energy Limited	100 years	6 June 2100
Generating Unit and land located at Dry Creek	Engie	100 years	6 June 2100
Generating Unit and land located at Mintaro	Engie	100 years	6 June 2100
Generating Unit and land located at Snuggery	Engie	100 years	6 June 2100
Generating Unit and land located at Port Lincoln	Engie	100 years	6 June 2100

## Operating results

The Corporation made a profit after tax of \$177,000 for the 2019-20 financial year.

The Corporation received an appropriation of \$200,000 from the Treasurer of South Australia during the 2019-20 financial year.

An appropriation from the Treasurer of South Australia will be available during the 2020-21 financial year, to ensure that the Corporation will be able to meet its liabilities as and when they fall due.

## Dividends

The Corporation did not declare a dividend for the 2019-20 financial year.

# Generation Lessor Corporation

## Events subsequent to balance date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material nature likely, in the opinion of the directors of the Corporation, to affect significantly the operations of the Corporation, the results of operations, or the state of affairs of the Corporation, in future financial years.

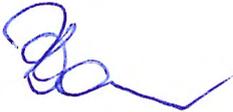
## Insurance and indemnification

Pursuant to section 74 of the *Public Sector Act 2009*, a director of the Corporation incurs no civil liability for an act or omission in the exercise, or purported exercise of functions or duties as such a director. Any liability that would lie against a director lies instead against the Corporation.

## Rounding of amounts

Amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors.



Terry Evans  
CHAIR

Dated at Adelaide this 11<sup>th</sup> day of September 2020.

# Generation Lessor Corporation

## Statement of Comprehensive Income for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Appropriation	2	200	200
Fees and charges	3	287	258
Interest	4	58	54
<b>Total Income</b>		<b>545</b>	<b>512</b>
<b>Expenses</b>			
Supplies and services	5	400	412
Other expenses	6	58	42
<b>Total Expenses</b>		<b>458</b>	<b>454</b>
<b>Net result</b>		<b>87</b>	<b>58</b>
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus		90	665
<b>Total Other Comprehensive income</b>		<b>90</b>	<b>665</b>
<b>Total Comprehensive result</b>		<b>177</b>	<b>723</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

# Generation Lessor Corporation

## Statement of Financial Position as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	5,827	6,248
Receivables	8	6	13
<b>Total current assets</b>		<b>5,833</b>	<b>6,261</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	4,575	4,485
<b>Total non-current assets</b>		<b>4,575</b>	<b>4,485</b>
<b>Total assets</b>		<b>10,408</b>	<b>10,746</b>
<b>Current liabilities</b>			
Payables	9	14	20
Funds held in trust	9	4,433	4,942
<b>Total current liabilities</b>		<b>4,447</b>	<b>4,962</b>
<b>Total liabilities</b>		<b>4,447</b>	<b>4,962</b>
<b>Net assets</b>		<b>5,961</b>	<b>5,784</b>
<b>Equity</b>			
Contributed equity		24,539	24,539
Retained earnings		(21,913)	(22,000)
Asset revaluation surplus		3,335	3,245
<b>Total equity</b>		<b>5,961</b>	<b>5,784</b>
Contingent asset	13		
Contingent liability	14		

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

# Generation Lessor Corporation

## Statement of Changes In Equity for the year ended 30 June 2020

Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 01 July 2018</b>	<b>24,539</b>	<b>2,580</b>	<b>(22,058)</b>	<b>5,061</b>
Net result for 2018-19	-	-	58	58
Gain on revaluation of land during 2018-19	-	665	-	665
<b>Total comprehensive result for 2018-9</b>	<b>-</b>	<b>665</b>	<b>58</b>	<b>723</b>
<b>Balance at 30 June 2019</b>	<b>24,539</b>	<b>3,245</b>	<b>(22,000)</b>	<b>5,784</b>
Net result for 2019-20	-	-	87	87
Gain on revaluation of land during 2019-20	-	90	-	90
<b>Total comprehensive result for 2019-20</b>	<b>-</b>	<b>90</b>	<b>87</b>	<b>177</b>
<b>Balance at 30 June 2020</b>	<b>24,539</b>	<b>3,335</b>	<b>(21,913)</b>	<b>5,961</b>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

# Generation Lessor Corporation

## Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
<b>Cash Outflows</b>			
Payment for supplies and services		(425)	(455)
Net GST paid to the ATO		(17)	(4)
Other payments		(939)	-
<b>Cash used in operations</b>		<b>(1,381)</b>	<b>(459)</b>
<b>Cash Inflows</b>			
Appropriations		200	200
Interest received		65	48
Recoveries and Other Income		315	283
Other receipts		380	4,920
<b>Cash generated from operations</b>		<b>960</b>	<b>5,451</b>
<b>Net cash provided by operating activities</b>		<b>(421)</b>	<b>4,992</b>
<b>Net increase in cash</b>		(421)	4,992
Cash at the beginning of the period		6,248	1,256
<b>Cash at the end of the period</b>	7	<b>5,827</b>	<b>6,248</b>

The accompanying notes form part of these financial statements.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements For the year ended 30 June 2020

### 1 Basis of Financial Statements

#### Reporting Entity

Generation Lessor Corporation (Corporation) was established on 29 July 1999 as a subsidiary of the Treasurer of South Australia (Treasurer) under Regulations made pursuant to the *Public Corporations Act 1993*.

Pursuant to Ministerial Transfer Orders dated 6 June 2000 and 8 September 2000, all the prescribed electricity assets consisting of certain generating plant and the land on which the generating plant is located, were transferred to the Corporation at book value.

On 1 July 2010, *The Public Corporations (Generation Lessor Corporation) Regulations 2010* came into operation to replace the expiring *Public Corporations (Generation Lessor Corporation) Regulations 1999*.

The principal activity of the Corporation is as lessor of the prescribed electricity assets which are in the nature of certain generation plant and the land upon which the generation plant is located.

#### Statement of compliance

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards [Tier 2 only; with reduced disclosure requirements].

#### Basis of preparation

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

#### Leases

##### Prescribed electricity generation assets

Prescribed electricity assets consisting of generating plant and the land on which the generating plant is located are leased under finance leases for 100 years.

Lease rentals were fully prepaid by each lessee to the Treasurer. Prepaid lease rentals received in excess of the book value of the prescribed electricity assets are recognised as profit on the finance lease.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements For the year ended 30 June 2020

### Taxation

#### *Income tax equivalent*

The Treasurer of South Australia has issued a determination pursuant to the Schedule to the Public Corporations Act 1993 whereby the Corporation is not subject to Commonwealth income tax equivalents for the period since incorporation.

#### *Goods and services tax*

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

#### *Land tax*

The Corporation is liable to pay Land Tax in respect of its land holdings, but the Corporation received reimbursement from the lessees.

### Property, plant and equipment

#### *Recognition*

Land, plant and equipment, including buildings and leasehold property have been initially recorded at book values.

#### *Revaluations*

The Directors consider the value of land and buildings annually, with respect to inputs including Valuer General valuations.

#### *Disposal of revalued assets*

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

# **Generation Lessor Corporation**

## **Notes to and forming part of the Financial Statements For the year ended 30 June 2020**

### **Receivable from the Treasurer**

The receivables from the Treasurer reflects amounts owing from the Treasurer, with respect to fully prepaid finance lease rentals received by the Treasurer in relation to the lease of the distribution network land assets.

### **Insurance**

The Corporation has arranged, through the South Australian Government Financing Authority (SAFA) to insure all major risks of the Corporation. The excess payable under this arrangement varies depending on each class of insurance held.

### **Impact of COVID-19 pandemic on the corporation**

The COVID-19 pandemic has not impacted the operations of the corporation in 2019-20.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

	2020	2019
<b>2 Appropriation</b>	<b>\$'000</b>	<b>\$'000</b>
- Administration	200	200
	200	200

**Total revenues from SA Government**

Total revenues from Government consists of \$200,000 for operational funding. For further details on the expenditure associated with the operational funding refer to notes 5 and 6.

	\$'000	\$'000
<b>3 Revenues from fees and charges</b>		
<i>Revenue from recovery of Land Tax</i>		
- Recovery of Land Tax	287	258
<b>Total fees and charges</b>	287	258

**4 Interest revenues**

- Interest	58	54
<b>Total interest revenues</b>	58	54

**5 Supplies and services**

- Insurance	13	14
- Management fees (SAFA)	100	100
- Land Tax	287	265
- Consultants	-	33
<b>Total Supplies and Services</b>	400	412

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) to within the following bands:

	2020		2019	
	No	\$'000	No	\$'000
- Below \$10,000	-	-	1	5
- \$10,000 or above	-	-	1	28
<b>Total paid/payable to the consultants engaged</b>	-	-	2	33

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
<b>6 Other expenses</b>		
- Audit fees	13	12
- Other costs	45	30
<b>Total other expenses</b>	58	42

<b>7 Cash and cash equivalents</b>		
- Cash	43	60
- Short-term deposit with SAFA	1,351	1,246
- Short-term deposit with SAFA (Flinders Power Partnership)	4,433	4,942
<b>Total cash and cash equivalents</b>	5,827	6,248

### Movement in Flinders Power Partnership funds held in Trust accounts

	\$'000
Balance 1 July 2020	4,942
Deposits	430
Payments	-988
Interest earned	49
<b>Balance 30 June 2020</b>	4,433

Cash is measured at nominal amounts. Short-term deposits are lodged with SAFA and are at-call.

### 8 Receivables

#### Current

- GST receivable	5	5
- Interest receivable	1	8
<b>Total current receivables</b>	6	13

### 9 Payables

#### Current

- Accrued expenses	14	20
<b>Total Current Payables</b>	14	20

### Funds held in trust - Flinders Power Partnership

- Cash deposit - Flinders Power Partnership	4,433	4,942
<b>Total Funds held in trust</b>	4,433	4,942

During March 2019 funds were deposited into an account held by the Corporation on behalf of Flinders Power Partnership. The funds held in trust can only be used by Flinders Power to meet obligations under the 5 year monitoring and maintenance period relating to the Leigh Creek Mine. The balance of funds will be held in trust by the Corporation until the 5 year monitoring and maintenance period for the mine expires in 2023. The funds will be progressively reduced to zero over the 5 year period as Flinders Power completes the required monitoring and maintenance works.

During September 2019 \$429,763 was deposited into an account held by the Corporation on behalf of Flinders Power Partnership Regional Development Fund (FPP-RDF). The funds held in trust can only be used by FPP-RDF to fund projects or other activities for the benefit of the Upper Spencer Gulf region, with monies being withdrawn as FPP-RDF identifies suitable projects or other activities to fund. The account will be closed once the balance of the account has reduced to less than \$20,000 or it is agreed with FPP that it is no longer economic to continue to manage the remaining balance of funds.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
<b>10 Property, plant and equipment</b>		
Torrens Island		
<i>Network land and easements</i>		
- At Fair Value	3,875	3,800
<i>Non generation land and easements</i>		
- At Fair Value	700	685
	4,575	4,485
<b>Total Property, plant and equipment</b>	4,575	4,485
<b>Reconciliations</b>		
<b>Torrens Island</b>		
<i>Network Land and Easements</i>		
- Carrying amount at beginning of year	3,800	3,150
- Revaluation increment	75	650
- Carrying amount at end of year	3,875	3,800
<i>Non-generation land and infrastructure not leased</i>		
- Carrying amount at beginning of year	685	670
- Revaluation increment	15	15
- Carrying amount at end of year	700	685

### Surrender of Northern Generating Plant and Playford B Generating Plant Leases

On 27 February 2019, Flinders Power provided GLC with a Dismantling Notice as required under the terms of the Closure Implementation Deed advising that the Northern and Playford power stations would be dismantled on or about 29 March 2019. The Dismantling Notice is deemed to constitute a notice of surrender of the Northern and Playford B Generating Plant Leases. Flinders Power has completed the dismantling of the power stations with the Northern and Playford B Generating Plant leases being surrendered on 20 May 2019. Under the terms of the Northern and Playford B Land Leases, GLC is required to transfer the Northern and Playford B Land to Flinders for nil consideration. The Northern and Playford B land was transferred to Flinders Power on 20 May 2019 for nil consideration in accordance with the terms of the leases.

### Valuation of Land

The proceeds of the lease were all received in advance. Independent advice was sought in June 2006 on the appropriate carrying value of the land and easements. The deprivation of access to the land during the term of the lease has been considered to extinguish any opportunity to derive further value from the underlying land during the term of the lease.

Network and Non-generation land and easements were at the value set by the Valuer General as at 1 January 2020. This led to a revaluation increase of \$90,000.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

### 11 Directors remuneration

Members during the 2020 financial year were:

Terry Evans - Chairman

\* Heather Elaine Watts - Non Executive Director (Appointed 20 February 2020)

\* Timothy Paul Burfield - Non Executive Director and Deputy Chair (Appointed 22 August 2018)

The number of members whose remuneration received falls within the following bands:	2020 (Number)	2019 (Number)
\$1 - \$19,999	1	1
<b>Total number of members</b>	<b>1</b>	<b>1</b>

The total remuneration received by members was \$1,000. Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

\* In accordance with the Premier and Cabinet Circular no. 016, government employees did not receive any remuneration for director duties during the financial year.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements For the year ended 30 June 2020

### 12 Related party transactions

Related parties of the Corporation include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

#### Key Management Personnel

Key management personnel of the Corporation include the Minister and members of the Board who have responsibility for the strategic direction and management of the Corporation.

Remuneration of Key Management Personnel is all short term as disclosed in note 11.

#### *Transactions of directors and director-related entities*

There were no transactions between the Corporation and director related entities.

#### *Other related entities*

SAFA provides management and insurance services to the Corporation. Additionally, the Corporation has dealings with other Government instrumentalities. All dealings are in the ordinary course of business and on normal trading terms.

#### *Controlling entity*

The Corporation is a subsidiary of the Treasurer of South Australia.

### 13 Contingent asset

The various lease agreements make provision for the potential sale of these assets in the future, to the lessee, if the Corporation obtains lawful right to sell its right, title and interest in the assets. If this right is not obtained or the lessee's option to purchase is not exercised, the prescribed assets will be returned to the Corporation or its nominee at the end of the lease term. Although at that time an asset will be recognised, no amount has been recognised in the Statement of Financial Position as the realisation of the benefits of this asset is dependent upon a qualifying event occurring.

In the event that the lessees default under their respective leases, they are obliged to return the asset to the Corporation. Although at that time an asset will be recognised, no amount has been recognised in the Statement of Financial Position as the likelihood of default eventuating is remote.

Under the terms of the Generating Plant and Unit Leases and the Land Leases certain costs of the Corporation that are associated with the operation of the generation plants and units and generation land are able to be reimbursed from the lessees or on charged directly to the lessees.

### 14 Contingent liability

In the unlikely event that the Corporation defaults under the leases with respect to its legal entitlement to grant the leases, the Corporation is obliged to refund the net present value (as at the termination date) of so much of the post termination date rent obligations as were discharged by the prepaid rents.

No amount has been recognised as the likelihood of the Corporation defaulting is remote.

# Generation Lessor Corporation

## Notes to and forming part of the Financial Statements For the year ended 30 June 2020

### 15 Segment information

The Corporation operates as lessor of prescribed electricity assets in South Australia.

The Corporation also holds and leases assets ancillary to generation assets in South Australia.

### 16 Economic dependency

The Corporation is an instrumentality of the Crown under the Crown Proceedings Act 1992. Accordingly where a final judgement is given against it, a Minister or agency of the Crown may be directed by the Governor to satisfy that judgement. Such a direction constitutes sufficient authority for the appropriation of the money necessary to satisfy the judgement from the General Revenue of the State of South Australia or from the funds of the Corporation. To this extent the Corporation has the benefit of an implicit guarantee from the State.

### 17 Impact of standards not yet effective

The corporation has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

#### 17.1 AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. The corporation has assessed its arrangements where operators provide services and has concluded that none of these will be within the scope of AASB 1059.

### 18 Events after balance date

No event has arisen since 30 June 2020 that would be likely to materially affect the operations or the state of affairs of the Corporation.

# Generation Lessor Corporation

## CERTIFICATION OF THE FINANCIAL REPORT

I certify that:

- the attached General Purpose Financial Report for Generation Lessor Corporation:
  - is in accordance with the accounts and records of the Corporation;
  - complies with the relevant Treasurer's instructions;
  - complies with relevant accounting standards; and
  - presents a true and fair view of the financial position of the Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Corporation over its financial reporting and its preparation of the financial report has been effective throughout the financial year.

Signed in accordance with a resolution of the Directors.



Terry Evans  
CHAIR

Dated at Adelaide this 11<sup>th</sup> day of September 2020.